

# Navy Private Capital

Investor Presentations

June 26th, 2024



# What Will We Cover Today?

1. Key Components of an Investor Presentation
2. Focus for Each Investment Stage
3. Identifying the Right Investors
4. Deep Dive into Each Component of an Investor Presentation
5. Defense Specific Challenges for Investor Presentations
6. The Dos and Don'ts of Investor Presentations

# Investor decks are critical to providing a concise understanding of your business idea, its value proposition, and investability

A successful presentation does this by covering these key components



## Problem statement

What is the challenge you are trying to solve?



## Market opportunity

How big is this market?



## Team

Why are you the best team to solve this?



## Your business idea and technical solution to that problem



## Business model

How will you generate revenue?



## Financial projections

How do you think the financials will play out in the next few years to bring the investor closer to a return?



## Your product roadmap



## Competition analysis

Who is already doing this, and how will you beat them?

Investors meet with 1000s of companies, and a strong pitch deck makes your company and narrative stand out in the 20 - 30 minutes of investor time you get

# What component do you focus on for each investment stage?

1 Seed

The **founding team** is crucial at the seed stage. Investors seek a team with relevant experience, a proven track record, and the passion and ability to solve the problem.

2 Series A

Showing **traction** and **product-market fit** is crucial for Series A. Investors seek consistent and growing revenue, a growing user base, high user engagement and retention rates, and positive customer reviews.

3 Series B

In Series B, investors prioritize **scalability**, sustainable revenue, positive unit economics, expansion to new markets, consistent customer base growth, and efficient operational processes to support large-scale growth.

4 Series C and beyond

Investors look for **market leadership, financial strength, and expansion potential** at the Series C stage. The company should show strong market dominance, the ability to leverage capital for expansion, and strong financial metrics for a potential IPO or acquisition.

# Identifying and targeting the right investors and tailoring your pitch to them is critical for a successful fundraise



What industries/sectors do they invest in?



What stages do they invest in?



What is their fund thesis? Does it align with what you are building?



What does their portfolio look like? Have they invested in companies like yours?



What value can these investors bring to your company? Examples include networks, operational expertise.



What is their reputation in the market and how they work with companies?

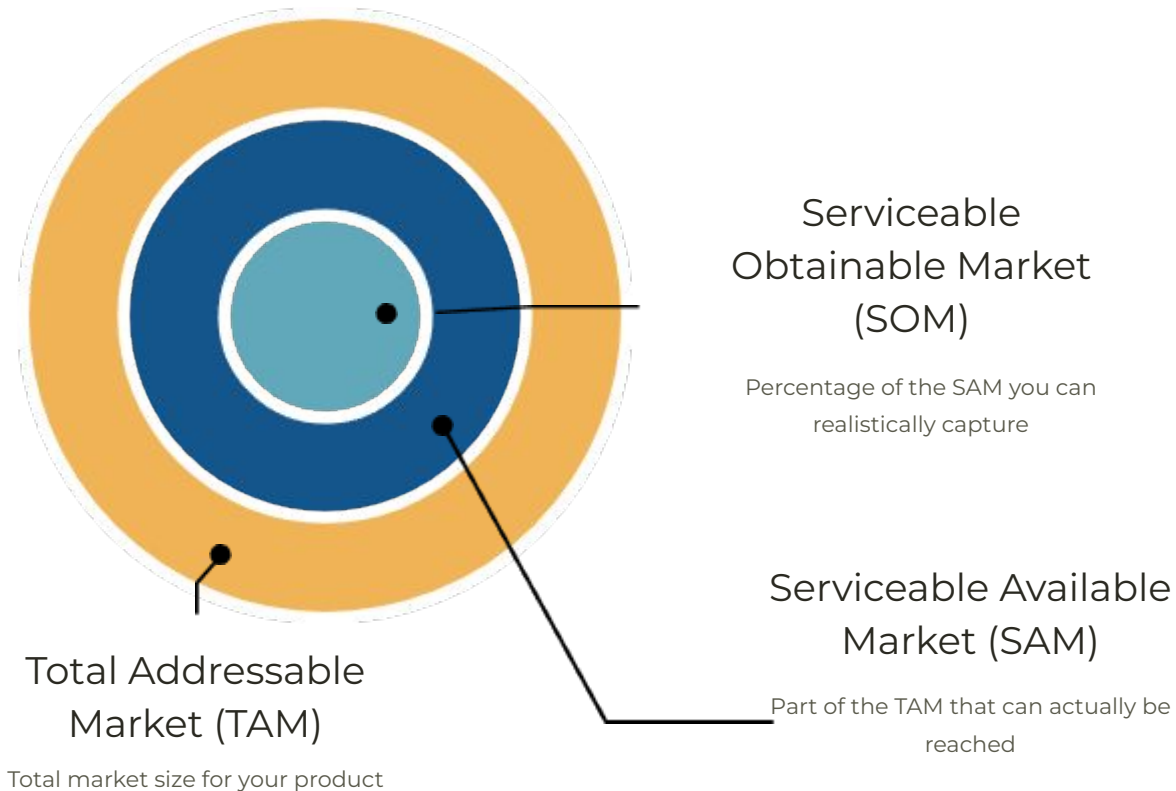
Section 2

# Key Components to an Investor Presentation

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# Market analysis is important because it lets investors know that you understand the specifics of the scale you can achieve

### Market Size



### Market Size

Venture capital aims for outsized returns. To achieve those returns, it usually invests in opportunities with large markets to capture a significant market share.

### Market Trends

Customer preferences and industry dynamics to share why your solution is right based on opportunities and threats.

### Target Market Analysis

Market segmentation focuses on specific customer groups with defined characteristics and needs, determining the best approach for penetration and growth.

## Competitive Landscape

**Understanding who you are competing against and demonstrating that understanding to investors is critical to convincing them that you have the right product/solution**



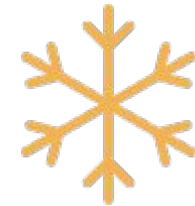
### Competitor Analysis

Evaluation of competitors strengths, weaknesses, strategies, and market share to identify areas of differentiation and competitive advantage.



### SWOT Analysis

Evaluation of internal strengths, weaknesses, and external opportunities and threats in relation to competitors to demonstrate strategic positioning for product-market fit.



### Differentiation Strategies

Unique value proposition based on competitor analysis and SWOT analysis that will allow product to stand out in market against competitors.



# Introducing your team is critical to fundraising, especially in the early stages when you have a limited track record



## Key Team Members/Executive Team

Introducing the key team members and their role in the venture.



## Experience and Skills

Detailing the industry experience, past successes, unique skills, and expertise of team members to showcase their credibility and capability specifically for what you are building.

## Early Stage Due Diligence

At the early stage, investors have no track record of diligence apart from the founding team's professional success. It is essential to pull together the right team and demonstrate their individual skills and how well the team works together.

# These are some key financial metrics investors like to see to understand the strength of the business



## Revenue Projections

1. **Revenue Growth:** Show historical revenue growth and projections. Highlight the compound annual growth rate (CAGR).
2. **ARR (Annual Recurring Revenue):** Value of recurring revenue normalized over one year for subscription-based businesses. Can also show MRR.
3. **ARPU (Average Revenue Per User):** The average revenue generated per user or customer.



## Profitability Metrics

1. **Net Profit Margin:** % of revenue remaining after all expenses have been deducted.
2. **Gross Profit Margin:** % of revenue remaining after deducting the cost of goods sold (COGS). It shows the efficiency of your production and delivery process.
3. **Monthly Burn Rate:** Rate at which the company is spending its cash reserves.
4. **Runway:** Time the company can continue operating at its current burn rate before it needs additional funding.

# Understanding your customers' behavior



## **Customer Acquisition Cost**

**(CAC):** The cost associated with acquiring a new customer.



**Customer Lifetime Value (LTV):** The total revenue expected from a customer over their lifetime.



**CAC/LTV Ratio:** This ratio helps investors understand the profitability of acquiring new customers.



**Customer Churn Rate:** % of customers who stop using your product or service over a given period.



**Revenue Churn Rate:** % of revenue lost due to churned customers.

# Defense-specific challenges for raising investments



## Market Sizing

- Government market sizing can be tricky if a lot of the historical spending is classified.



## Government Sales Cycle

- The sales cycle is very long—it takes 2 to 3 years for companies to get on a Program of Record.
- This can make raising funding hard. Founders need to be ready to explain how they plan to mitigate this risk.



## Valuations

- Predicting yearly government revenue is difficult, making it harder to create representative financial models. This can lower company valuations.



## Government Demand Signals

- SBIR funding alone is not viewed as a enough of a government demand signal.
- Investors see Programs of Record as evidence of government demand and revenue.



## Dual Use is Important

- Demonstrating dual-use and commercial revenue opportunities mitigates some of the risks that low government demand signals can create.

Section 3

# The Do's and Don'ts of Investor Presentations

# The Do's of Investor Presentations

## Be Concise and Clear

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### 1. Elevator Pitch

Start with a compelling and concise elevator pitch that captures the essence of your business.

### 2. Clear Structure

Organize your presentation logically with a clear beginning, middle, and end.

## Address Risks

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### 1. Identify Risks

Be honest about potential risks and challenges.

### 2. Mitigation Plans

Explain your strategies for mitigating these risks.

## Be Prepared for Q&A

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### 1. Anticipate Investor's Questions

Prepare for potential questions on each topic covered in your investor deck and related to the defense industry.

### 2. Respond Effectively

Develop clear, concise answers that demonstrate your knowledge, preparation, and confidence. Be honest if you don't know an answer.

# The Don'ts of Investor Presentations

## Don't Overwhelm with Information

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### 1. Avoid Overloading Slides

Don't clutter slides with too much text or data. Use bullet points and keep it simple.

### 2. Avoid Jargon

Don't use industry jargon or technical terms that might confuse investors.

### 3. Practice

Practice your presentation to ensure smooth delivery without relying heavily on slides.

## Don't Exaggerate or Mislead

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### 1. Honesty

Be honest about your numbers and projections. Avoid exaggerating your achievements or market size.

### 2. Realistic Expectations

Set realistic expectations for growth and potential returns.

### 3. Team Gaps

Be upfront about any gaps in your team and how you plan to address them.

## Don't Forget the Ask

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### 1. Specific Ask

Clearly state how much funding you are seeking and what it will be used for.

### 2. Milestones

Outline the key milestones you plan to achieve with the investment.

# Fundraise Specific Information to Include



## Previous Funding Rounds

Amounts raised in previous rounds and the valuation at those times.



## Current Funding Ask

The amount of funding you are seeking and the intended use of these funds.



## Pre-Money Valuation

The valuation of the company before receiving the current round of investment.



## Post-Money Valuation

The valuation of the company after receiving the current round of investment.